

Message Text

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INFO AMCONSUL MEDAN

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SUBJ: FY1976 CCP FOR INDONESIA

REF: A) SECSTATE A-9016

B) JAKARTA 698

1. PRINCIPAL COMMERCIAL GOALS OF U.S. IN INDONESIA FOR FY1976 ARE: (A) TO ASSURE US INDUSTRY MAXIMUM OPPORTUNITY PARTICIPATE IN KNOWN GOI DEVELOPMENTAL PROGRAMS AND PROJECTS UNDER REPELITA II INCLUDING INCREASED PROCUREMENT FROM US PROJECTS FUNDED BY IBRD, ADB AND POSSIBLE UNTIED FINANCING FROM BILATERAL DONORS; (B) CONTINUE SUPPORT FOR TRADE PROMOTION EVENTS AND (C) CONTINUE UPGRADING FSL STAFF AND INWRMATION SERVICES.

2. IT IS ANTICIPATED THAT GOI IS PREPARED TO CONCENTRATE ON FOLLOWING PROGRAMS AND PROJECTS:

SUGAR PRODUCTION; FERTILIZER PRODUCTION AND DISTRIBUTION; TRANSPORT (RAIL, INTERISLAND SHIPPING); HIGHWAY CONSTRUCTION; TIDAL LAND RECLAMATION; FOOD PRODUCTION; PORT AND HARBOR MODERNIZATION AND DEVELOPMENT, EXPANSION OF CEMENT PRODUCTION; WOOD PROCESSING (CUT TIMBER, UNCLASSIFIED

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LUMBER, PLYWOOD, VENEER, PULP AND PAPER); MINING

(EXPANSION OF TIN ORE PRODUCTION; BAUXITE MINING AND PROCESSING), CONSTRUCTION (MASS HOUSING) AND ELECTRICAL POWER; PERTAMINA, THE STATE PETROLEUM COMPANY WILL BE UNDERTAKING CONTINUED DEVELOPMENT OF BATAM ISLAND; PETROCHEMICALS (AROMATICS, FERTILIZER (UREA); AND STEEL MILL (KRAKATAU)). FOR THE FORESEEABLE FUTURE IMPLEMENTATION OF THESE AND POSSIBLY OTHER AREAS WILL BE DEPENDENT UPON AVAILABILITY OF FINANCING PACKAGE AT LESS THAN COMMERCIAL TERMS. GOI AND ITS INDUSTRIAL UNDERTAKINGS CHARGED WITH IMPLEMENTATION WILL THEREFORE MAKE DECISIONS PRIMARILY NOT ON QUALITY, PRICE, DELIVERY TIME BUT PACKAGE OF FINANCING TERMS. THUS, WHATEVER EFFORTS ARE EXPENDED BY MISSION AND USDOC IN PROMOTION OF US GOODS AND SERVICES, AVAILABILITY OF COMPETITIVE FINANCING IN PROMOTION PACKAGE WILL BE KEY FACTOR. OPPORTUNITIES WILL, HOWEVER, BECOME AVAILABLE IN SOME CASES WHERE US TECHNOLOGY IN UNIQUE OR OF SUPERIOR QUALITY WHICH WOULD FIND NON-US CONTRACTOR/INVESTOR OPTING FOR US SOURCED EQUIPMENT SYSTEMS OR SUPPLIES AS IN CASE OF FERROTHAL/KRAKATAU STEEL PURCHASING SWINDELL-DRESSLER IRON ORE DIRECT REDUCTION PROCESS AND EQUIPMENT FROM US.

3. IN LIGHT FOREGOING CCP TASK FORCE WILL LOOK TO E/CM SECTION FOR RECOMMENDATIONS AS TARGETS OF OPPORTUNITY PRESENT SELVES AS IN CASE OF SUGAR OVER PAST THREE MONTHS: E/CM WOULD MOUNT CONCERTED CAMPAIGN INVOLVING MEPD, USRTC (SINGAPORE), REGIONAL POSTS, OIM RESOURCES IN FORM OF VISITING INDUSTRY GROUP, CATALOGUE SHOW/SEMINAR, USIS MATERIALS, BUYERS CJOUP.

4. SYSTEMATIC DEVELOPMENT OF SECTOR OPPORTUNITIES BY CCP TASK FORCE MUST BE RESERVED TO THOSE ECONOMIES WHERE LOGICAL SEQUENTIAL PROGRAMS HAVE BETTER FIT. INDONESIAN ECONOMY HAS NOT, THUS FAR, DEMONSTRATED THAT IT IS CAPABLE OF BEING UNCLASSIFIED

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APPROACHED IN SUCH WAY. IF USDOC MARKET RESEARCH FUNDS ARE FORTHCOMING, HOWEVER, CCP TASK FORCE WOULD RECOMMEND MAJOR STUDY IN FOREST INDUSTRY FROM TIMBER THROUGH FINISHED WOOD PRODUCTS AS HIGHEST INTEREST, SECONDLY FISHING AND FISHERIES PRODUCTS INCLUDING PROCESSING EQUIPMENT AND TEXTILE INDUSTRY.
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